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NOMINATION OF ADMIRAL B. R. INMAN

HEARING
BEFORE THE
SELECT COMMITTEE ON INTELLIGENCE
OF THE
UNITED STATES SENATE
NINETY-SEVENTH CONGRESS
FIRST SESSION
ON
NOMINATION OF ADMIRAL B. R. INMAN TO BE DEPUTY
DIRECTOR OF CENTRAL INTELLIGENCE

FEBRUARY 3, 1981

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(Established by S. Res. 400, 94th Cong., 2d Sess.)

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**NOMINATION OF ADM. B. R. INMAN, OF TEXAS TO
BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE**

TUESDAY, FEBRUARY 3, 1981

**U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, D.C.**

The committee met, pursuant to notice, at 2:05 p.m., in room 6202, Dirksen Senate Office Building, Hon. Barry Goldwater (chairman of the committee) presiding.

Present: Senators Goldwater (presiding), Garn, Chafee, Lugar, Wallop, Durenberger, Schmitt, Moynihan, Biden, Inouye, Leahy, and Bentsen.

OPENING STATEMENT OF CHAIRMAN GOLDWATER

The CHAIRMAN. The meeting will come to order.

I am sure that Senator Tower will be here. He is detained.

The CHAIRMAN. Admiral Inman, I'm very glad to see you appearing at this hearing as President Reagan's choice to be Deputy Director of Central Intelligence. You have my vote even before I hear your testimony, and if there is ever such a thing as the right man for the right job at the right time, you are that man.

Just last week at the Casey hearing, I urged, along with all of my colleagues, that he go after you for this job. So your being here today is good news to me. You are a man of outstanding qualifications, integrity, and compassion. And I must say, from my intelligence friends around this world, I don't know of a man in the business that is more highly regarded than you. We are lucky to have you and the Nation will be better for it.

I am going to ask Senator Bentsen to start the introduction of you, he being from Texas and you being from Texas. I would like to recognize that Mrs. Inman is sitting right behind you. We welcome you both.

**STATEMENT OF SENATOR BENTSEN, U.S. SENATOR FROM THE
STATE OF TEXAS**

Senator BENTSEN. Mr. Chairman, that was a superb introduction in itself, and so I will keep mine short.

But I am here to add my support in the introduction of Admiral Inman, a Texan, but a man whose nomination, from all I have heard, has received nothing but accolades. He is a man of integrity, a man with a great depth of experience in the intelligence field.

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I am very pleased to see that he would take this position, because he already had a responsible position as head of National Security Agency and was doing a superb job in that regard.

Obviously, he has great technical qualifications, in addition to the question of integrity and ability. He is a graduate of the University of Texas. He is a man who I think will bring the kind of experience and breadth to the job which will please all of us.

He has appeared many times before this committee and is well known by most of the members of the committee. So I am delighted to join in support of him, and I know my colleague Senator Tower feels just as strongly as I do in that regard. And if he was not unavoidably detained, he would be here.

The CHAIRMAN. Thank you very much, Senator.

I was hoping that Senator Tower would show up. I have a letter here from Edward Boland, who is chairman of the House committee which corresponds to this. So I will ask unanimous consent that it be placed in the record after the introduction by Senator Tower.

[See p. 10.]

The CHAIRMAN. Now, to get a few other things done that have to be done, I will ask that the ethics report on Adm. Bobby R. Inman be placed in the record following the comments by Congressman Boland.

[See p. 11.]

The CHAIRMAN. So we will just be patient a moment. We expect Senator Tower to be here anytime.

Senator GARN. Mr. Chairman, when I left the policy luncheon Senator Tower was conducting, the Vice President was still there, and I'm sure that that is why he was detained.

The CHAIRMAN. In the interest of time would it be the wish of the committee that we proceed and allow Senator Tower to introduce Admiral Inman when he comes in.

While Senator Moynihan is unavoidably detained for a while, I will ask Admiral Inman to proceed with his statement.

STATEMENT OF VICE ADM. BOBBY R. INMAN, U.S. NAVY

Admiral INMAN. Mr. Chairman, I appreciate very much the kind words with which you have opened this session. I would not elect to judge this committee's views on the subject of whether or not this country ought to have a draft. But I did come to this table with something of the feel of a draftee.

I am grateful to have the committee's support, and I hope both of us will feel at the end of 2 years that it was the right choice.

It is a distinct pleasure to appear before this committee on this occasion. I have been nominated by the President to serve as the Deputy Director of Central Intelligence. You are all generally aware of my background and my most recent assignment as Director, National Security Agency. However, it might be useful for me to review that background and experience in light of this nomination.

BACKGROUND AND EXPERIENCE

As a native of the State of Texas, I was educated and received the degree of bachelor of arts from the University of Texas at Austin in 1950. Shortly after joining the Naval Reserve in 1951 and being

commissioned as an ensign in March of 1952, I joined the U.S.S. *Valley Forge*, then participating in operations in the Korean area. Later, I served in various administrative assignments in the European theater.

Following release from and then return to active duty 6 months later with the Navy, I served in various shipborne operational assignments and in several intelligence assignments functioning as an intelligence analyst and as the assistant naval attaché at the U.S. Embassy in Stockholm.

Subsequent assignments included service as the fleet intelligence officer on the staff of the commander, 7th Fleet; attendance at the National War College; executive assistant and senior aide to the Vice Chief of Naval Operations; assistant chief of staff for intelligence to the commander in chief, U.S. Pacific Fleet; Director of Naval Intelligence; and Vice Director for Plans, Operations, and Support of the Defense Intelligence Agency.

As you know, since July 5, 1977, I have had the pleasure of serving as Director, National Security Agency.

Although my current assignment has involved me heavily in the collection and production of intelligence information, the majority of my experience during 21 years of service in the field of intelligence has been as an analyst and as a manager. The variety of my assignments has provided me with a unique perspective on the need to balance the production and analytic facets of the intelligence mission and to provide for the needs of the Nation's policymakers both in the executive and the Congress, and the needs of the military forces.

I am in complete agreement with Mr. Casey in his statement to this committee that it is vital that this Nation have a strong and effective intelligence organization with a wide range of capabilities and the flexibility to adapt and focus them on whatever exterior threats or problems confront the Nation.

[The prepared statement of Vice Admiral Inman follows:]

STATEMENT OF VICE ADM. BOBBY R. INMAN, U.S. NAVY

Mr. Chairman and members of the committee: It is a distinct pleasure to appear before this Committee on this occasion. I have been nominated by the President to serve as the Deputy Director of Central Intelligence. You are all generally aware of my background and my most recent assignment as Director, National Security Agency. However, it might be useful for me to review that background and experience in light of this nomination.

As a native of the state of Texas, I was educated and received the degree of Bachelor of Arts from the University of Texas at Austin in 1950. Shortly after joining the Naval Reserve in 1951 and being commissioned as an Ensign in March of 1952, I joined the USS VALLEY FORGE, then participating in operations in the Korean area. Later, I served in various administrative assignments in the European theater. Following release from and then return to active duty 6 mos. later with the Navy, I served in various shipborne operational assignments and in several intelligence assignments functioning as an intelligence analyst and as the Assistant Naval Attaché, at the U.S. Embassy in Stockholm.

Subsequent assignments included service as the Fleet Intelligence Officer on the staff of the Commander SEVENTH Fleet; attendance at the National War College; Executive Assistant and Senior Aide to the Vice Chief of Naval Operations; Assistant Chief of Staff for Intelligence to the Commander in Chief, U.S. Pacific Fleet; Director of Naval Intelligence; and Vice Director for Plans, Operations and Support, of the Defense Intelligence Agency. As you know, since 5 July 1977, I have had the pleasure of serving as Director, National Security Agency.

Although my current assignment has involved me heavily in the collection and production of intelligence information, the majority of my experience during 21

years of service in the field of intelligence has been as an analyst and as a manager. The variety of my assignments has provided me with a unique perspective on the need to balance the production and analytic facets of the intelligence mission and to provide for the needs of the Nation's policymakers both in the Executive and the Congress and the needs of the military forces.

I am in complete agreement with Mr. Casey in his statement to this Committee that it is vital that this Nation have a strong and effective intelligence organization with a wide range of capabilities and the flexibility to adapt and focus them on whatever exterior threats or problems confront the nation.

The CHAIRMAN. Thank you, Admiral.
Senator Inouye, we'll start questions with you.

STATEMENT OF SENATOR INOUYE

Senator INOUYE. Mr. Chairman, thank you very much.

Before proceeding with my questions, I would like to join your very eloquent statement regarding our nominee. It has been my pleasure to work with Admiral Inman and I think the administration should be commended for this choice.

DUTIES AND RESPONSIBILITIES

Admiral, in the past military officers who have held the post for which you have been nominated have performed a very limited role, particularly with respect to the Central Intelligence Agency. What is your understanding of the duties and responsibilities that you will fulfill as Deputy Director of Central Intelligence?

Admiral INMAN. Senator Inouye, as you know, the National Security Act provides for a Deputy Director of Central Intelligence, but it does not prescribe specific duties. In discussing with Mr. Casey his desire that I undertake these duties, it is my understanding that he expects me to be the statutory deputy in every respect.

In examining how he will divide those responsibilities day by day, for emphasis, he has indicated his desire that we share in his No. 1 priority of starting to improve the quality of intelligence and particularly the estimative functions. He will concentrate to a substantial degree on the covert operations and clandestine collection sides of the business. And he has expressed a particular desire that I concentrate on community affairs, congressional accounts, resource allocation, and technical side of the business.

Senator INOUYE. Have these duties and responsibilities been agreed to by the President?

Admiral INMAN. It is my understanding they have been agreed to by the President.

Senator INOUYE. It has been suggested that the committee has not been very successful in its efforts to strengthen U.S. intelligence through the budget authorization process. As a former program manager who has been intimately involved with the committee on these matters, how would you characterize the committee's record in this regard?

Admiral INMAN. Senator Inouye, that is one on which in a closed session I could be very specific and direct; but in an open session, because the figures, the numbers, the statistics are classified, you'll forgive me for falling back on some generalities.

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When this committee came about, we had gone through about 8 years of drawing down manpower all across the intelligence community, just as you really settled into operation with the new administration. The concentration was more on saving dollars.

It was my experience throughout the 4 years that this committee constantly pressed on the administration the question of the adequacy of the intelligence assets. You added a little from time to time, which is not always the easiest process when the administration is not particularly willing to have extra money added.

We collectively have a long way to go, I believe, to build the intelligence capability this country needs for the decade out ahead. If the committee sustains the approach to that problem they've brought through the last year and they can help reorient the way the executive branch deals with it, I believe we've got a good chance of dealing with those problems.

CONGRESSIONAL OVERSIGHT

Senator INOUYE. During Director Casey's confirmation, he indicated that both he and the President were supportive of strong congressional oversight of U.S. intelligence activities. Admiral, do you foresee any problems or difficulties in abiding by the spirit and intent of the intelligence oversight provisions enacted by the Congress last year?

Admiral INMAN. Senator Inouye, I do not. I recognize that a lot of negotiations and a lot of anguish went into finding the exact words that went into that act. The executive branch was particularly concerned to get in some of the preambular clauses, and the committee the text that followed.

There may well be areas on which I have no experience that will cause me to rethink my past experience. But I have never found an instance in these 6 years in which we have been doing business in which I could not find a way to keep the committees fully and completely informed. And I have in turn found that I have benefited in each of three assignments by the support that I have drawn in return.

Senator INOUYE. Would you say that you are satisfied with the current relationship that we have, the oversight relationship?

Admiral INMAN. Senator Inouye, I believe the U.S. intelligence community is substantially better off than it was before this relationship was established. That is because we had no way to come and bring our case to the Hill. The intelligence community had no constituency in the Congress in any kind of organized way to support the need for a strong, healthy, viable intelligence effort.

The other side of that coin is that one must have an absolute sense of confidence that security will be maintained for not only the substantive intelligence, but even more critically, for the sources and methods information that must be shared in the process of budget authorizations and enactment.

I do believe the standard you set as the chairman in starting this committee struck exactly the right note. I have not been reluctant to bring to this committee in the past my concerns, if I had concerns, about the handling of classified information. I will not be reluctant to do that in the future.

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The record that I have perceived is that the committee has always been very responsive. Both of the two previous chairmen, the vice chairman during his 4 years and now taking over as chairman, have always been very responsive to my concerns when we need to examine whether or not leaks or mishandling came from this committee.

If I had been as successful in the executive branch, I would be much more comfortable about the protection of our secrets today.

Senator INOUYE. Do you have any suggestions as to how we can improve this relationship?

Admiral INMAN. I have none to volunteer at the outset. I hope we can maintain a close working relationship. There will be times when we will need to compartment information even amongst ourselves. That sometimes will be distressing to the staff, as it has been and as it is to our staffs in the executive branch when we must do that.

But the essence of the relationships is to make sure that we do continue a dialog constantly about all of our problems.

Senator INOUYE. Thank you very much.

As our chairman indicated, you had my vote before you were nominated.

The CHAIRMAN. Thank you.

I might say, this room has not been swept, so please be careful in asking questions that you don't get into classified information.

Senator Leahy—I mean Senator Garn.

STATEMENT OF SENATOR GARN

Senator GARN. We have similar hairlines. [Laughter.]
Thank you, Mr. Chairman.

Admiral Inman, I think everybody shares the views that have already been expressed. I personally have had the opportunity, as a charter member of this committee, to work with you over a period of several years now, and of all the witnesses that have appeared before us, most of them in executive or in closed session, I will say to you personally and publicly that you have been the most forthcoming witness before this committee of all the witnesses that we have had, the most direct at all times, without ever hedging your opinions or worrying about any politics of the situation. I commend you for that.

There is no doubt in mind in your new position you will continue that openness and directness. It has certainly helped us on this committee in our work to have that kind of responsiveness.

So I too join in strongly endorsing your selection. And I can think of no one better to have been nominated by the President for this position.

And in the interest of time, Mr. Chairman, I have a further prepared statement and I would ask unanimous consent that the remainder of it be placed in the record.

The CHAIRMAN. Without objection.

[The document referred to follows:]

PREPARED STATEMENT OF SENATOR GARN

Mr. Chairman, I strongly endorse the selection of Vice Admiral Bobby Inman as Deputy Director of Central Intelligence. Admiral Inman has certainly proven his capabilities as Assistant Chief of Staff for Intelligence for the U.S. Pacific Fleet, as Director of Naval Intelligence, as Vice Director for Plans, Operations and Support, Defense Intelligence Agency and, most recently as the Director of the National Security Agency.

Admiral Inman, you face a major task in rebuilding the capabilities of the Central Intelligence Agency. As our distinguished Committee Chairman Senator Goldwater has observed, "Over the past decade intelligence capabilities have been allowed to erode." We must terminate that erosion and rebuild the vital intelligence capabilities that are essential to the security of this nation. This involves both the collection capabilities and the improvement of analysis. We must assure that the President, the senior officials of this Government and the Congress get the full range of opinion concerning the vital issues of the day—not what some bureaucrat believes that they want to hear or what will advance his career. Again to quote Senator Goldwater, "In almost every instance in recent years, so-called 'intelligence failures' have been the result of shortcomings in analysis."

One can quite credibly make the case that much of the current vulnerability of our ICBM force resulted from the failure of the intelligence community to accurately project the rate of improvement in Soviet ICBM accuracy. We cannot allow similar failures in the future. The current military balance is far too precarious for us to allow such underestimations to continue. U.S. defense procurement is almost uniquely reactive to Soviet threat developments. This increased the need for reliable, timely intelligence.

PROBLEMS FACING CIA

Senator GARN. Admiral, I recognize that here in open session, as you told Senator Inouye, you cannot answer in detail, and I do not expect you to do so. I do expect only some general answers.

What do you believe are the most significant problems facing the Central Intelligence Agency and the intelligence community in general today?

Admiral INMAN. Senator Garn, I can speak with some greater precision about the broad terms of the intelligence community, and I hope in a few months to have the same degree of confidence in speaking about the internal problems of the Central Intelligence Agency. It simply has not been possible in previous assignments to delve into their problems inside the Agency to the degree that I would hope to do.

I would put our No. 1 problem as manpower. My perception is that, for various reasons—either due to the drawdown from the Vietnam time, followed by a trading off of manpower to pay for new technical capabilities, to drawing down covert operations capabilities—we have collectively, through all of this, reduced very substantially the manpower applied to the U.S. intelligence effort. The investment in technology and communications and computer capabilities has somewhat offset that reduction and in fact has done some great things for us in some areas.

But it is a manpower-intensive industry and there are no substitutes for analysts who understand the cultures, the politics, the economics, the internal security, the military capabilities of countries in keeping this country and its policymakers and its military leaders abreast of the problems they're going to face day by day.

I believe we have some substantial expansion to do in the depth of our coverage of events in the world. We all need to try to do better to express what we know to users in a way that is useful, not for the convenience of the intelligence community. That can only come about by creating a very good dialog with the users and to get them to be much more specific about their needs and about the value of what we provide. Hopefully, we can be successful.

TRACK RECORD ON SOVIET THREAT

Senator GARN. How would you characterize the track record of the intelligence community over the last several years in assessing the Soviet threat?

Admiral INMAN. We have on rare occasions overestimated, and on many more occasions proven to have been conservative. The pace of the Soviet momentum, the sustaining momentum of investment, has consistently been underestimated.

There is a great proclivity to mirror image, to view the Soviets from the light of how we address problems or deal with them. And we constantly have to be brought back to the center line, to examine what we see happening, and to try to put that in some context of what their capabilities are and what their desires are and what their intentions are.

But the track record—and there are some open source studies, Wohlstedler or others—would confirm that we have erred substantially more on the conservative side in dealing with that threat than in overestimating.

The image that has been current in the media of overestimating the threat for budget purposes is just flatly wrong.

Senator GARN. That has been my experience, not only as a member of this committee, but as a former member of Armed Services and a current member of the Defense Appropriations Subcommittee. We have constantly been told that Joint Chiefs of Staff, the service chiefs, the intelligence people have constantly come before the committees of Congress overestimating the Soviet threat in order to increase the military budget, and that the old, the Russians are coming, the Russians are coming, and they never come.

But that is not true. All of the assessments that I have seen are just exactly in line with what you have just testified, that those estimates, the posture statements every year from the Joint Chiefs of Staff, have almost entirely underestimated the Soviet buildup and the Soviet threat.

And so my next question would be: How do you intend to proceed in your new position to get accurate, straightforward assessments of the Soviet threat, where the track record, as you say—and I agree with you—has been of consistently underestimating that threat?

Admiral INMAN. Senator Garn, I should have responded to Senator Inouye earlier, on the question on the definition of my duties, that I recognize that I am being appointed as the Deputy DCI, and that it is not a duumvirate, in that we don't share the responsibilities. It is my job to persuade the DCI how I think we ought to go.

In our brief discussions thus far, he has very clear thoughts of his own about how he wants to proceed in this process. And I would not want to oversimplify. And again, in an open session it is a tough one to be specific.

Let me say that we both bring to this problem the approach that you are better served by trying to put up the facts that you know, to try to make clear the assumptions that you are bringing to the table, to make sure that you point out the assumptions that the different players bring and try to explain why, and then put forth your projections.

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But don't try to spend endless periods of time polishing words and searching for the right word to captivate—in this case, I would rather give them more knowledge than less.

COUNTERINTELLIGENCE

Senator GARN. Just one more question, Admiral. What are your views concerning the adequacy of our current counterintelligence capability?

Admiral INMAN. Senator Garn, that is probably the area about which I have the least knowledge. The only counterintelligence practical experience I've had thus far has been as the Director of Naval Intelligence where I was also Commander of the Naval Intelligence Command, and the Naval Investigative Service was one of my subordinate elements. We had a very small counterintelligence activity. It was good, but not large.

It is an area that I would hope to study thoroughly in the near term. I have a perception that it is both undermanned and probably the one area that really may be handicapped by restrictions and procedures.

Senator GARN. Thank you very much, Admiral. I certainly look forward to working with you.

Admiral INMAN. Thank you.

The CHAIRMAN. Senator Tower, we certainly welcome you and invite you to introduce your fellow Texan. He's already been introduced, and I will ask unanimous consent that your introduction appear at the proper place.

STATEMENT OF JOHN TOWER, U.S. SENATOR FROM THE STATE OF TEXAS

Senator TOWER. Thank you very much, Mr. Chairman. I apologize for being late. I was presiding over a meeting of the Republican Policy Committee, and the subject was the debt ceiling, a matter on which there seems to be somewhat more than casual interest among Republicans.

I am delighted to support the nomination of my fellow Texan, Admiral Inman. He was born down in Rhonesboro, Tex. If you don't know where that is, that's in Upshur County, near Gilmer. [Laughter.]

Senator LEAHY. Now I remember where it is.

Senator TOWER. And anybody from that far back in the sticks can't be all bad.

Admiral Inman, of course, has been in the intelligence business for a long time. He comes highly recommended. I think he's an excellent choice as DDCI.

I might note that this morning the Senate Armed Services Committee reported favorably his promotion to full admiral of the U.S. Navy. I believe that that nomination was erroneously reported to your committee. Knowing your disposition to the Navy, I reclaimed that jurisdiction very quickly. And I am delighted to report that he has been reported favorably to the Senate.

The CHAIRMAN. Thank you, Senator Tower.

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Congratulations, Admiral.

Admiral INMAN. Thank you, Mr. Chairman. Thank you, Senator.

The CHAIRMAN. It is a rank well deserved. And if the man who just introduced you lives long enough, he might make it himself.

Senator TOWER. Mr. Chairman, resisting the temptation to comment on your unseemly remarks—

[Laughter.]

Senator TOWER [continuing]. I'd like to ask unanimous consent that my full statement appear in the record at the appropriate place.

The CHAIRMAN. Without objection, so ordered.

[The complete statement of Senator Tower follows:]

STATEMENT OF SENATOR JOHN TOWER (R-TEX.)

Mr. Chairman: It is indeed a pleasure for me to introduce to the committee Admiral Bobby Inman who has been nominated by President Reagan to be the Deputy Director of Central Intelligence. I strongly support the historic precedent of having either the Director or the Deputy Director of Central Intelligence be a uniformed military man. The choice of Bobby Inman as the military half of the Reagan intelligence team is indeed an excellent selection.

Admiral Inman has been in the intelligence business during most of his career—most recently, of course, as the Director of the National Security Agency. Among his key credentials, Bobby Inman was born in Rhonesboro, Texas, and received his Bachelor of Arts degree from the University of Texas at Austin.

I might advise the members of this committee that the full Armed Services Committee, at a meeting this morning, did consider the nomination of Admiral Inman to be promoted from three to four stars, and his nomination for promotion received the unanimous approval of the Armed Services Committee.

I am most pleased to introduce Admiral Inman and I urge your members to support his nomination to be the Deputy Director of Central Intelligence.

U.S. HOUSE OF REPRESENTATIVES,
PERMANENT SELECT COMMITTEE ON INTELLIGENCE,
Washington, D.C., January 29, 1981.

Hon. BARRY GOLDWATER,
Chairman, Senate Select Committee on Intelligence, Dirksen Senate Office
Building, Washington, D.C.

DEAR MR. CHAIRMAN: I write in strong support of the nomination of Vice Admiral B. R. Inman to be the Deputy Director of Central Intelligence.

Ever since the Permanent Select Committee on Intelligence was established in July of 1977, Admiral Inman has impressed me as perhaps the finest intelligence official in the service of his government. During those years he has been Director of the National Security Agency, managing in skillful fashion the vital and most technically complex element of the National Foreign Intelligence Program. The kinds of policies he has advanced there have made his name synonymous with pragmatic, honest and extremely well reasoned decisions.

Further, he has been the best advocate for national security programs and legislation appearing before the Committee. Year after year, NSA's budget presentations have been the most well received, and the best understood, because of his personal efforts. His professional opinion, even when rendered on the most controversial intelligence legislation, has been accorded unquestioned acceptance by all.

Besides his qualities as a manager and spokesman, Admiral Inman is first and foremost an outstanding intelligence officer. Analytically, "Inman's view" is as sought after an appraisal as can be found in the intelligence community. This stems from a well-rounded intelligence career—as Director of Naval Intelligence and Vice Director of the Defense Intelligence Agency before heading up NASA—but it is founded most strongly on qualities of integrity, deep honesty and high intelligence nurtured through years of command.

The Committee has been through a few crises of the highest sensitivity where in Admiral Inman's performance and leadership have been truly laudible. He is one of those of whom John Kennedy once spoke, whose successes will never be

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applauded because they must remain secret. President Kennedy uttered those words at the dedication of the headquarters building for the Central Intelligence Agency. I know that Bobby Inman will add greatly to the score of successes, and see very few failures, in his years as Deputy Director of Central Intelligence.

I am certain that all the past and present Members of the Permanent Select Committee on Intelligence join me in unqualifiedly endorsing this fine American for the post to which he has been nominated.

With every good wish, I am
Sincerely yours,

EDWARD P. BOLAND, *Chairman.*

UNITED STATES OF AMERICA,
OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., February 8, 1981.

Hon. BARRY GOLDWATER,
Chairman, Select Committee on Intelligence,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Bobby R. Inman. President Reagan has nominated Admiral Inman for the position of Deputy Director of the Central Intelligence Agency.

We have reviewed the report and have obtained advice from the Central Intelligence Agency concerning any possible conflict in light of the Agency's functions and the nominee's proposed duties.

We believe that Admiral Inman is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

J. JACKSON WALTER, *Director.*

Enclosure.

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The CHAIRMAN. Senator Leahy.

STATEMENT OF SENATOR LEAHY

Senator LEAHY. Thank you, Mr. Chairman.
I too join in the congratulations for the extra star. It is well deserved.

I have a feeling, Admiral, that everybody who might be up for confirmation this year would be delighted to trade places with you. You will, I suspect, survive the tough, hard cross-examination of this committee and will probably be able even to predict how, following hours of debate, we will vote on your confirmation.

I also join my colleague in saying I think the President has made a fine choice. I am delighted, as you know. And I discussed this with you one other time, saying that I hope that that is a position you would be in and be able to serve your country in that position. And I am very pleased that you are.

MACHINE MYTH

In answer to a question of Senator Garn's, you said that the No. 1 problem in manpower. And I realize it is an extremely broad question, asked broadly in open session, and perhaps seeking a broad answer in open session. But have we, with all of our technological abilities, have we somehow built up kind of a myth that everything can be done by machines? Might we be overlooking—might we not be leading ourselves into a trap of feeling too comfortable that machines can do all of our analyses, and also that they may be able to totally replace people in the field?

That is an overly broad question, I understand.

Admiral INMAN. Senator Leahy, I would put a slightly different spin on the problem. In the press of business in the executive branch, intelligence matters, intelligence resources, intelligence capabilities simply fall way down the scale of day-by-day events.

It rarely merits attention or extensive debate at the level of the President or even the senior advisers. It has been my experience in these past 4 years that I have had a great deal more time from the members of the two select committees, with some of the members of the two select committees actually visiting my headquarters or my installations, than with anyone in the executive branch above sub-Cabinet level.

I think out of that process, intelligence capabilities simply are less pressing, less worrisome. A presumption that if you're getting a flow of information day by day on your current problem, the capabilities must be there.

In going back and analyzing how we got where we are, there were conscious decisions. There were new capabilities that could be had by using some very advanced technology. The decision at that point in time, with great pressures on the Federal budget for Vietnam, was to pay for it, rather than by adding funds, by trading off manpower.

And different kinds of individual actions led to those kinds of decisions. Technology does do great things for us. We are probably better at indications and warnings for our principal adversaries than we

have ever been. It is for the bulk of the rest of our problems, for understanding the small and sometimes not so small political and economic crises, terrorism, other things, that we are far less prepared, I believe.

And in many cases the lack of ability to deal with such problems come from the lack of depth in our understanding of individual countries. That understanding isn't just based on what we get out of the intelligence community. In large measure, that's reporting that we get from the State Department, from the Foreign Service. So it's the quality and caliber of our understanding of many countries that impact on it.

I apologize, I'm giving sort of long-winded answers. I'll try to cut them shorter.

Senator LEAHY. Following up on that, and assuming that there are going to be budgetary restraints this next fiscal year, how are we best to be in a position to consolidate those areas where we know we are successful and that we depend so much on, while at the same time starting a number of new initiatives? Or can we do both? Do we need to do both?

Admiral INMAN. We have done a good job of consolidating in the collection arena. I would urge strongly that we not move for further consolidation in the analytical area. I think we ought to go exactly in the opposite direction and encourage as much good, strong, competitive analysis as we can get, because you are usually dealing with shreds of information and your assumptions that you bring can make a great deal of difference in what you determine those pieces mean.

And let me refer a more detailed and responsive answer to your question for the next time we gather in closed session.

Senator LEAHY. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Chafee.

STATEMENT OF SENATOR CHAFEE

Senator CHAFEE. Thank you, Mr. Chairman.

I join in the delight of this committee in the selection of Admiral Inman for this post. He did an outstanding job at NSA and we are so glad you will be continuing your efforts in this new assignment.

PERSONNEL PROBLEM

You stated, in answer to Senator Garn's question, that the most pressing problem was personnel. What can we as Senators do to remedy this? Is it a question of money? Is it a question of appreciation of the task that one is undertaking? Is it a question of a shortage of trained people that are motivated for this type of work? What can we do?

Admiral INMAN. It begins with billets, numbers of people available. My experience has been that while there may have been a dip in the middle 1970's of people interested in coming into this business, there are plenty of high-quality applicants that are indeed interested in it. We often can't find the skills that we need at the outset, particularly

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with linguists, but we can find people with linguistic aptitude who are willing to study.

It is going to be a long process. One cannot just throw in large numbers of bodies immediately. The capabilities of all the agencies to recruit, to train, to use, will have to be built up.

But we can bring you, I think, a good viable program. Obviously, there is the instant problem of the administration's desire, as with the past ones, to hold down the total size of Federal employment. I would hope that as some programs are reduced perhaps we can have some redress in this area in the national security account, which in fact suffered a very major reduction while other elements of the Government were growing larger in numbers.

Senator CHAFEE. Fine. Thank you.

The CHAIRMAN. Thank you very much, Senator Chafee. I might comment that Senator Chafee was once Secretary of the Navy.

Senator WALLOP. He probably doesn't remember that.

The CHAIRMAN. He doesn't have to any more.

Senator Bentsen?

STATEMENT OF SENATOR BENTSEN

Senator BENTSEN. Thank you, Mr. Chairman.

A number of us had some concern, of course, about the analysis capabilities of the CIA and results. Did you have any that you can speak of in an open meeting, any major procedural changes to bring in the CIA or its analysis work that you bring from your experience with the National Security Agency?

PROCEDURAL CHANGES

Admiral INMAN. Senator Bentsen, from the way the intelligence community has been structured and operates, I have been fairly remote from the analysis efforts in the other production agencies these last several years. I could give you an impression, though, that from our efforts to try to educate and expose young analysts coming into the other agencies, particularly the CIA, with the particular help of Bruce Clark, once he took his current assignment, we are impressed with their quality and by their eagerness to learn.

But we have a generation gap here. We have in fact lost, across the community, a lot of people who came in in the 1940's, who enjoyed the business and who stayed for a career. A variety of reasons, pay inversion and others, have caused large numbers to retire.

But we indeed have a building process, I think particularly in the analytical area, to give them the time. I have a sense that we need to expand the capability for them to be promoted while staying in the same general area, not to require them to move frequently on to managerial jobs, in order for them to have a chance to be promoted, but to offer the capability that deep expertise in a country or a geographical area can also offer them a way to move up the promotion ladder. And if we can achieve that, I think we will help in improving the quality of the analytical product.

Senator BENTSEN. You were speaking of your limited access in recent times to people above the sub-Cabinet level. And then you referred

to dealing often in shreds of information. I get the feeling that there's a lot of intelligence information that goes upstream, but often not enough of it comes downstream for analysis purposes, when we are talking about leaders of Government or people at the Cabinet level dealing with their peers in other governments and the difficulty of getting that kind of input to get back to the analysis level.

Do you have any thoughts on that?

Admiral INMAN. In my early years as an analyst it was a continuing problem. I have no recent experience to say if it still is, but I suspect that it still is. To some degree it is a question of how busy the individuals themselves are and the degree to which they are accessible to be debriefed or to pass on their understanding.

It has been my experience in these last 3½ years that if events occurred in the outside world, I could be attuned to them and respond and adjust things pretty rapidly, and if it was planning on things going on on the U.S. side I often trailed the action.

ECONOMIC INTELLIGENCE

Senator BENTSEN. I know something of the depth of the work on economics done by the CIA, and we profited by that on the Joint Economic Committee. But when you speak to the manpower problems, I would hope that the economic section would not be too isolated. There is such a great wealth of information available that is being brought about by other Government agencies, including what we have right here in the Congress. I hope it could be collated perhaps more than it has been.

Admiral INMAN. In earlier closed sessions with this committee, the whole question of economic intelligence, economic analysis, has been a subject of some exchanges that several of us have had.

Again, with the constraints of the open session, probably the best intelligence we have available currently is in the military intelligence arena, and I believe that is a result that comes from competitive analysis. And when I was a young naval intelligence analyst I used to rail at the fact that the CIA was also spending time analyzing my problem. But I have come to recognize that that probably spurred me to do a better job than I otherwise would have done.

From my perspective, looking at these last several years, where we have substantial competitive analysis I believe the overall quality of the outcome is better. We have not had much of that in the economic area because we have not paid as much attention.

There is another side to that, and one of the down sides of the middle 1970's and the congressional investigation of abuses—some that were valid and some that turned out not to be—there was a great reluctance from the academic world, from industry, from even other Government institutions, to fully cooperate with the U.S. intelligence community. And that has to be very high on the list of things we have to reconstruct.

There is a great deal out in the open media and other parts of the society that can help us better understand the outside world to the degree that we need to have such understanding. And I would hope that we can open some of those doors and get good discussions going.

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Clearly, part of that is the confidence on the part of those with whom we deal that they will not be manipulated, that they will not be subjected to being used without their knowledge for collection purposes. And I hope we can find a way through that maze.

Senator BENTSEN. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Lugar.

STATEMENT OF SENATOR LUGAR

Senator LUGAR. Thank you, Mr. Chairman.

Admiral INMAN, I know very few people in this Government that have as comprehensive an idea about what is going on in intelligence, as well as what is going on generally in the world, than you do. And I certainly ask these questions having prefaced with that comment, because it seems to me essential, if we can know, that the committee have some idea from any preliminary conversations you may have had with this administration as to, first of all, what sort of access do you anticipate to have with President Reagan himself?

Will you have regular briefings? Will there be emergencies? Will there be intelligence passed to others? Or can you characterize in any way your own perceptions of how what is important for a Chief Executive to know might reach him?

ADMINISTRATION ACCESS

Admiral INMAN. We have built up over the last several years a process for flowing indications and warning information to a number of centers around this city and out to commands in the field essentially simultaneously. That includes the State Department, Defense Department, White House, and the Central Intelligence Agency.

That flow goes on, uninterrupted by changes in administration. Each administration elects to find different ways by which the Chief Executive is briefed. There is an ongoing process of preparing a daily briefing book for the President from the Central Intelligence Agency. I don't believe that has been subjected to any particular modifications yet, but it's pretty early. Usually that occurs after 3 to 6 months. They try the products that are available to them and decide if they are responsive to their needs, and if not then the alteration process begins.

From my point of view, one of the great advantages of the appointment of Mr. Casey as the Director of Central Intelligence is the firmly established direct personal relationship with the President that he brings to the job. And that ought to be the best guarantee for the kind of access to take problems as you recognize them and to not be shunted off by others who might get in the way of the DCI being able to tell the President what he needs to hear.

Senator LUGAR. So that your access would come through Director Casey?

Admiral INMAN. Through Director Casey and acting on his behalf when he is away.

Senator LUGAR. Obviously your working relationship with him is of the essence, and obviously it will be a good one. He apparently has

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enthusiastically recommended you, as has our chairman, as have all members of this committee. If there was ever a time of unanimous consent and enthusiasm, this would be it.

Admiral INMAN. I hope we will be able to sustain that enthusiasm over the next couple of years, as we face all the challenges.

Senator LUGAR. Are the other armed services people who deal with intelligence equally enthusiastic? Or to phrase it another way, what sort of relationship has been set up between Mr. Casey, you and those of the other armed services, as well as the Navy, who are dealing in intelligence? This has been a problem that you perceived in comments to us over the course of time and has given pause to some people who have gotten into this field. I am curious to know how it is progressing in this administration.

Admiral INMAN. It is fair. And I am honest enough to say that the pace of organizing all these various things is very low. A lot of that is because I am not yet removed from my current assignment. I would hope that March and April would see the pace pick up very sharply.

I have over the years practiced a general theory of conservation of enemies, that if you're spending a great deal of time in fighting with people you are missing opportunities to solve problems. Occasionally you will have to get into fights when it is over matters of principle. But one has to spend the time to seek the views of the other managers in the intelligence community. It is a time-consuming process.

As I had explained earlier, Director Casey has indicated he wishes me to particularly concentrate in that area. And I will hope to be able to build some better bridges than we have had in the last several years.

Senator LUGAR. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Biden.

STATEMENT OF SENATOR BIDEN

Senator BIDEN. Thank you, Mr. Chairman.

I, too, add my congratulations to everyone else's. It's getting to be awfully repetitive. I don't know of anyone who has opposed and I don't know of anyone who is unenthusiastic about your nomination.

As a matter of fact, I shared the dais in my home State, as an invitee of the chamber of commerce, with the main speaker who was General Keegan, retired General Keegan. It worried the hell out of me, he liked you too.

[Laughter.]

Senator BIDEN [continuing]. And by way of an informal opening statement it is not merely your technical expertise which is immense, but in dealing with you and through you over the past several years since the inception of this committee I have been impressed with your sense of balance, your sense of history. There are not a lot of people in your business or any other business that possess both those qualifications.

I can think of no place where a sense of both balance and history is more important than the job that you'll be assuming. I'm enthusiastic about your appointment. I would like to ask you a couple of very specific questions, if I may, for the record.

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You have already begun—and I apologize for being late. Apparently, Senator Garn asked you, as I picked up from subsequent questioning, what you thought the most important problem facing the Agency was, the intelligence community generally.

STRENGTHS AND WEAKNESSES

If I can attempt to be a little bit more specific than that, and if you've already covered this tell me and I will go on to my next question, as a producer of intelligence, as you have been, what do you believe are the principal strengths of the major pieces of finished intelligence that are generated by the community, and then the major weaknesses, if you will?

Admiral INMAN. To some degree, Senator Biden, I have. But let me try to summarize quickly. On current intelligence, we're very good. On counting things and numbers, we're outstanding. On indications and warnings, on balance against the major worries, the record is impressive.

In assessing where events are going, we do less well. And there are many areas that we simply do not cover at all or cover only with the thinnest margin. And many of our surprises come from those areas.

If one believes that the 1980's are going to be characterized primarily by strife in the central front of Europe, you can sort of relax; we're in great shape. If you believe it is more likely to be characterized by a great deal of difficulty and competition for raw materials, natural resources, instability in underdeveloped areas of the world, and being drawn into those both by opportunism by our principal adversaries and by our own difficulty in trying to protect our interests, then we are far less ready for it, both from our collection by human as well as technical means, and the analytical staff to really sort through, sift, examine, understand.

Particularly areas like linguistics are a very major problem, where we have a significant shortfall.

Senator BIDEN. If we can break down the difficulties as they relate to the latter category that you mentioned, that is essentially the Third World areas, I would assume that you are making reference to, although not exclusively, the analytical capability, improving that. Is that a higher priority than the actual collection apparatus, whether it be human or technical?

Admiral INMAN. To some degree, there are some misunderstandings, some myths afloat that we collect vastly more than we can analyze, that we have a vast stock of material lying around that we don't ever intend to analyze—in fact, you don't know where the problems are going to come, and you often won't know until after you have gained access whether there is going to be information there that will be of intelligence value in a great many cases.

So you're always going to collect somewhat more than you will end up analyzing and reporting. I will make a judgment for you that some additional collection, not all of it necessarily supported by the intelligence community budget—some of it is by the Foreign Service and Treasury and the other Departments—is needed to help understand other countries and what is going on inside them. Some improvement is needed in collection capability, some overt, some clandestine, some

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improvement in technical collection against areas that are not now covered or are marginally covered, and some improvement in the analytical area.

I believe the needs are greater in targets not now well covered.

Senator BIDEN. I share your view on that. But as Senator Inouye will recall—he was the founding chairman of this committee—in one of the debates we had at the outset among those of us, many of whom are still on the committee, who were on the committee at its beginning, it was the quality of the information received from the field, from human sources, that was a great concern.

And it was facetiously suggested by me at the time in the original hearings with Admiral Turner that I thought maybe what we should do was to send a case officer back to his home congressional district and have him analyze the congressional election, and if he showed a lack of competence in analyzing that then we sure as hell shouldn't send him out to Xanadu or wherever, where he obviously had much less background.

So although it was stated at the time facetiously, I really hope that you, at least in a general sense, share that concern about the ability of the personnel sent abroad. My limited experience with the community is that they, not at all unlike are in the Congress—in the area of foreign policy, for example, tend to be clearly the products of their backgrounds.

I'm a real Anglophile. I look at most things in terms of how we're affected by Europe. I consider myself as having some knowledge about the Soviet Union and our bilateral relations with it and with Europe. But I must acknowledge, on our back door, where things may blow up any minute, I have had precious little involvement.

And it seems to me that an awful lot of the community is a product of that same kind of myopic vision. We know a lot less about what are increasingly more important parts of the world, their cultures, background, religion, and language. I know from my discussions with you in the past—and I don't want to put you in a box and suggest that you share the exact same view—I know that that is something that you have some concern about.

I am looking forward to your attempts to—"rectify" may be the wrong word, but to improve these capabilities.

As you know, when we have talked, those of us on this committee, talked to you and others about technical requirements and capabilities and budgets, you have found that this committee has been at a minimum forthcoming and on many occasions has been anxious to move along even faster. I do not, obviously, speak for such a varied array of personnel as that on this committee, but I suspect you will find that we are as enthusiastic, in your new responsibilities, about helping you, including on budgetary questions, if that need be as we were formerly.

Two more questions, Mr. Chairman, of a substantive nature.

If I may shift in gears, Admiral, to domestic aspects of CIA and intelligence community activities, the upshot of a number of investigations was that we have, through two Presidents, one Democrat, one Republican, through two committees, one no longer in existence, one presently continuing in existence, and several Congresses, gradually honed down, in a fairly precise way, what activities are permissible

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for the foreign intelligence apparatus of our intelligence community, in regard to American citizens, the so-called rights of Americans issue.

As you know, there are Executive orders that cover that area. I note from your statement that you saw no need—and I am paraphrasing—for a major overhaul in various areas, although a fine-tuning of these guidelines, especially detailed procedures to implement those guidelines may be in order. However, on the whole the guidelines of the Foreign Intelligence Surveillance Act have evolved into a system that provides procedural protection for the rights of individuals and flexible guidelines for intelligence agencies.

Would you care to or be able to elaborate on that aspect of your statement?

FOREIGN INTELLIGENCE COLLECTION

Admiral INMAN. Senator Biden, on the foreign intelligence collection, it's been my experience that, while we have had to add a few more lawyers to the staff and upgrade the quality of the lawyers, we have been able to operate, I believe effectively, in collecting the necessary foreign intelligence while being absolute in our protection of the rights of U.S. citizens.

The area about which I have no current knowledge or expertise is the area of counterintelligence. It is an area which I will want to examine early on, first to try to understand what is the extent of the counterintelligence threat that we now place. This is a problem that faces Judge Webster far more than it will be. But CIA does have a supporting role that we have to play in that.

But to understand to what degree the current restrictions impact on that ability to deal with things like the terrorist threat, there may be some modifications that are required. I have a sense that it is more a question of how one applies the rules.

We have sometimes experienced very great bureaucratic resistance inside the Government to use the authorities which are clearly agreed to by this committee and in the law. So I would like to begin by trying to overcome and remove some of those existing bureaucratic problems before I decide that one also needs to throw out the restrictions.

We did have problems earlier that brought the U.S. intelligence community into substantial disfavor. That translated itself into a lack of support in a great many ways and it clearly impacted on our ability to get on with doing the job we needed to do.

I would not elect to carelessly walk away from what we have carefully crafted together to provide protection and assurance to the public. These rules are to protect U.S. citizens, not anyone else, and I believe we need to continue to protect them.

Senator BIDEN. I compliment you on that answer and would commend to your reading the report which we wrote on the so-called gray mail problem. We found just what you suggest.

We found that much of what was viewed as impediments thrust upon the community as a consequence of constitutional bulwarks which were keeping them from being able to do their job turned out to be a great deal of bureaucratic mishi-mash.

We found that unless the agency asked the precise question the Attorney General's Office wouldn't move forward. We found out that the FBI wouldn't talk to the CIA and the CIA wouldn't talk to DEA and DEA wouldn't talk to whomever.

One of the reasons—and I will cease, Mr. Chairman, because I have had so many opportunities, I've bent the admiral's ear so many times over the past several years that I have a very solid basis upon which to base my judgment of him.

But I think it's important to point out that the reason why I am so pleased with your appointment is that you are one of several people who does not find himself getting all bound up in ideological debates and who is very—if you don't mind the characterization—very practical and very pragmatic. And you have led us through a number of thickets here on this committee with regard to everything from our ability to verify the SALT treaty straight through to our view on a number of other complicated issues.

The CHAIRMAN. Would the Senator yield to the vice chairman?

Senator BIDEN. I would yield the floor.

The CHAIRMAN. No, I'm sorry.

Senator BIDEN. I guess it's a little overreaching on my part, but I commend your approach to solving problems to your superiors and those who will work with you, because you approach things in a way that I think makes a great deal of good sense.

I'm going to submit for the record, if I may, without taking any more time, but I would like to submit to you some questions about the Freedom of Information Act. I realize that is not in your bailiwick now, but it will be.

[See p. 33 for questions and answers.]

Senator BIDEN. There's a great furor about how much it gets in the way. I have doubts about whether it does or doesn't. But I have a fairly open mind on the question.

And also, one question relates to the proposals that surface now and again—and I think they are surfacing now—to, in effect, put together what used to be referred to as the old Fed-net proposal. And that is, essentially to get every agency from NSA to FBI to CIA to the IRS and funnel all information into it and be able to take it out through one computer.

It scares the living hell out of me, that prospect. I would ask you, although I do not have a specific proposal to ask you to comment on, I would ask you as you pursue your job if you'd be willing to speak to the committee about your views on that very, very sensitive subject.

Admiral INMAN. Thank you.

Senator MOYNIHAN. Mr. Chairman, I'm going to put it to the nominee straight. Can you spell the name of the Prime Minister of Sri Lanka? [Laughter.]

Admiral INMAN. Courtesy of the great support I have always enjoyed from this committee, Mr. Premadasa is the Prime Minister and Mr. Jayawardene is the President. [Laughter.]

Senator MOYNIHAN. Thank you, Admiral.

The CHAIRMAN. Senator Wallop?

Senator BIDEN. He's tough, Admiral.

STATEMENT OF SENATOR WALLOP

Senator WALLOP. Admiral, I won't be repetitive. I'll simply add my remarks to those that the others have made expressing my admiration on the job that you have always done with us, and appreciation for the opportunity I had yesterday to meet with you.

I only have one question. One of the nice things about a confirmation hearing for an official of the intelligence community is that it's one of the few opportunities in open session to inform the country of the existence of our intelligence community, and of the purpose for which it exists.

More than once this afternoon you spoke eloquently of the troubles of the 1970's, of the near lack of an entire generation of people in American intelligence, and the reluctance of many people including some segments of our own Government, to participate in the intelligence activities of the country.

NEED FOR INTELLIGENCE COMMUNITY

I wonder if you would explain to our free country why it has a need for an intelligence community just for the benefit of those who may be watching on television, those who might be sitting in the audience, and those who might accidentally come across the record of this hearing.

Admiral INMAN. It would be nice if it were a totally open world and it understood our interests and fully supported them. But the facts are a great deal different. There's been an explosion of information around the world and the means to move that information. But the practical fact is that we have increasingly found countries withholding information, not sharing, making it increasingly difficult to acquire that information.

Further, our interests, in a world that moves so fast, can be impacted almost any place at any time. It is no longer the happy stage where oceans protect us and slow-moving mail made events much slower to creep into the family's house. In this fast-moving world, you are only going to make smart decisions if you understand the events that are unfolding.

And it has to be more than just the facts at the time, but rather, there has to be a setting. What is the environment of the country? What are the cultural crosscurrents? What is the military capability? Even, if you can be lucky enough to find out, What are the intentions that are involved?

We are not held in the awe that we were held in 30 years ago as a country. There are also those who see taking a poke at the superpower as a favored means of entertainment. We have a vastly larger number of things that this country and its decisionmakers need to be informed about day by day if we are going to provide the leadership that we need to provide to the free world and if we are going to use our assets and resources in any kind of an intelligent way.

It is foolhardy, in that prospect, it seems to me to look at your intelligence capabilities from a point of view of how can you save

money or what can you avoid spending. It's rare that we are handed a complete understanding of evolving events. We get bits and pieces of information, and to the degree to which you have a background in which to put that, knowledgeable people to make a quick analysis and provide an explanation of what it means, the country has a better prospect of using its full capabilities in a smarter way, whether those are simply political decisions or whether sometimes they have to turn out to be military.

That is not a very eloquent answer. I wish I had thought about it more earlier.

Senator WALLOP. Perhaps the country doesn't realize that we need intelligence for peaceful purposes as well as for purposes of defense. I thank you for your answer to the point.

The CHAIRMAN. If the Senator would yield, the floor vote on Mr. Donovan is called for 3:30 and—

Senator WALLOP. I'm through.

The CHAIRMAN. I'd like to ask you if it is all right with all of you— Senator Moynihan hasn't asked questions yet—if I could ask unanimous consent, before you go vote. I'd like to report the admiral's nomination so we can get him on board, so to speak, this week.

Senator WALLOP. I think there are still a few doubts around the table. [Laughter.]

The CHAIRMAN. We can take care of them.

Senator Durenberger?

STATEMENT OF SENATOR DURENBERGER

Senator DURENBERGER. Thank you. I will be brief.

Congratulations, admiral. I was one of those who took advantage of my first 2 years to get to know you as a person, rather than just as an administrator. I have been in your debt for that opportunity, and it's been a great help to me. I'm obviously pleased with the President's selection.

Let me ask you one question. I understand that in my absence, when I was covering my hospital administration issues, you made some reference to the adequacies and inadequacies of our capabilities to analyze what is going on. And as you know, one of the several things that has bothered me is the whole issue of language.

One little quote from the Perkins Commission report illustrates the seriousness of my question. I'm talking about a national security need for what the Commission calls "far more reliable capacities to communicate with its allies, analyze the behavior of potential adversaries, and earn the trust and the sympathies of the uncommitted."

"Yet there is a widening gap between these needs"—you've probably illustrated that in your discussion of the Third World—"and the American competence to understand and deal successfully with other peoples in a world in flux."

FOREIGN LANGUAGES

From your experience, what would you say is the current state of American capability to understand foreign languages? Do you have any ideas about what should be done about it and what role the

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Department of State and the CIA should play in promoting interest in such a greater capability?

Admiral INMAN. Senator, I have some strong views on the topic, which may not be shared by a lot of others: that our condition is poor and steadily getting worse. We benefit from having a country where we don't need a second language to do business on a daily basis. But the result has been a variety of changes in the educational system and a steady deterioration in language education in this country.

We also have lost the large input of second generation Americans where another language was spoken in the home and you could get a ready base of people quickly when you needed it.

As I said earlier, I found in my own past duties that we can find plenty of people with language aptitude who are willing to and eager to seek employment with the Government. But you've got to spend a good 2 years in training them after you get them.

I am not persuaded that we are doing an optimum job of training those we get or that the current procedures, at least within the Department of Defense structure, are very good. The Defense Language Institute is getting old and I do not see it being upgraded or being given the degree of attention that I believe the whole problem needs.

I think we're ultimately going to have to reach out to approach this problem in a different way. I believe this is indeed an area where—you know, I am always reluctant to recommend further Government intrusion out into the private sector. But I think this is an area where we need to sponsor foreign language training in universities.

I would be willing to gamble training many of the Government linguists in academic institutions. You'd give job opportunities for graduate students, for linguists pursuing advanced degrees. They don't have much opportunity for that now.

There are probably difficulties with such an approach. But somehow we've got to find a way to spur a substantially larger study opportunity in colleges and universities. We've got to put some premiums on these people.

I have difficulty with English. I have no other language capability. So there's a certain cynical element on my extolling on the needs in this case. I use other people with language capability.

But we have to provide them with greater incentives to study. We have to provide prospective language students with rewards. They have to be able to get promoted to higher levels while keeping their language skills.

And we have to orient ourselves, I believe, in the whole national security account that the esteem for an Ambassador and his entire staff, including his intelligence agency elements, is based not on how many billets were reduced to satisfy to a mode ceiling, but rather how well they understand all the events in that country and how effectively they report on that for the rest of us to use.

Senator DURENBERGER. Thank you very much. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Moynihan.

STATEMENT OF SENATOR MOYNIHAN

Senator MOYNIHAN. Thank you, Mr. Chairman. I understand Senator Chafee wanted to ask a question, so I'll be brief.

Well, I will start out with another blunt question, Admiral. Do you feel that now that you have got your fourth star, you will have the

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confidence and the courage, when necessary, to tell the chairman of the Select Committee on Intelligence that the Joint Chiefs of Staff is not made up of five 4-star generals?

He tends not to know all the branches of the service. I just thought you might want to give him that in writing.

Admiral INMAN. May I submit my answer in writing? [Laughter.]

Senator MOYNIHAN. Quite seriously, in connection with Senator Durenberger's question, would you give a ring over to the Office of Management and Budget, which is just about now, for the 15th year in a row, preparing to abolish the foreign area language studies program of the National Defense Education Act.

And you know why? It's too small. The amount of money is so small. The instructions are to get those cats and dogs out of the budget—and, it appears, the three people left in the country teaching or learning Tagalog.

Admiral, I do have one question. First of all, I want to congratulate you. You know the respect with which you're held by this committee. And thank you for your very forthcoming statements on the oversight legislation enacted last year, repeating the statement that Mr. Casey made to us.

SOVIET DEFENSE COST

I was struck by your remark that one of the failings of the intelligence in the 1970's—and Senator Wallop and I have learned that you can't succeed all the time—was that there was an underestimate of Soviet defense—or military, I guess; it's defense with us and military with them—efforts in the 1970's, which greatly influenced, I think, public debate in ways which led us in a direction which we have had to reverse without quite understanding what led to it and perhaps not perceiving the basis in the estimates from which it derived.

I think in large measure the CIA estimates were low. The Agency is publishing a new public report. The Soviet and United States defense activities, 1971-81. There's no secrets in it. It's a serious economic effort to assess costs, and somebody has to do it. And that's intelligence, probably the most important kind of intelligence.

I see that you have an estimate in here that as of last year the ruble cost of the Soviet defense effort is about 30 percent more than the estimated ruble costs of U.S. defense activities, and the dollar cost is 50 percent more.

That's rather a formidable number. I think you've never found so large a percentage or absolute gap. I wouldn't think that has ever been the case.

Admiral INMAN. The great difficulty in this entire costing evolution has been in, again, understanding the total differences in the societies, in what things cost and what one gets for the investment. It's been visible that the Soviets have been increasing at a regular basis for now 15 years—

Senator MOYNIHAN. By about 3 percent a year.

Admiral INMAN. At least 3 percent, probably a little more after 1970.

When you have been able to count the results and you see the results, you then go back and try to apply some costing standards to the evidence. What is clear is that the Soviets made the determination

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shortly after Mr. Brezhnev and his colleagues assumed power to increase their investment in military expenditures. That was used in that 5-year plan in ways we didn't understand. A lot of it went into infrastructure, building plants, shipyards, and factories.

They assessed where they were in 1969, early 1970. We were at that point spending a great deal of our defense expenditure in Southeast Asia. And they saw a closing of the gap, and so they elected to slightly increase again that percentage.

We had many people in this country, inside and outside of Government, who made judgments that the U.S.S.R. would not be willing to sustain that because of anticipated consumer pressures, because of anticipated difficulties with minorities. And we now have a decade in which they've sustained it without interruption.

They may have trouble in the consumer area, but they've kept them within bounds. They may have troubles in the minorities, but they have kept it certainly within the complete control of the party.

We've now reached the stage where that whole infrastructure has resulted in a very modern capability for producing military hardware. They aren't using it to its capacity. Manpower is the limitation now on the pace at which they could move.

And what worries so many of us as we look at this whole problem is what's happened to U.S. capability, our own infrastructure to build things, to build weapons or even missiles or ammunition. If they elected to step up the pace and convert the manpower, they could clearly produce at an even more impressive rate than they are now producing.

It is that trend that's been the cause of concern. And yet we've all had great difficulty in capturing that in the framework of the estimates as they've been written. I hope to have some discussion with new users over whether they really find that year-long effort in cataloging great quantities of statistics really helpful in understanding the pace and trend of events on the Soviet side. And it probably would be worthwhile to go back and interview some of the past policymakers to see if all that effort really helped them understand what they were facing.

Senator MOYNIHAN. Well, I thank you for a very helpful answer. Certainly we are now in a situation where it is not much to be disputed that there is a significantly greater Soviet effort. The numbers are stable and you would have to have made some gross miscalculations over a decade not to have it come out right.

UNITED STATES-SOVIET INTELLIGENCE COMPARISON

Could I just ask you—you may not wish to speak to this in open session, and I don't think we've ever discussed it at all, Mr. Chairman—Soviet intelligence activities, generally so defined, have a comparable ratio to ours?

Admiral INMAN. In an open session, I would simply give you a rough estimate of manpower an order of magnitude of perhaps three times that which we apply to the problem. We have, I believe, a fairly significant lead in the technical side. Our technology in the computer field clearly is a great advantage to us in trying to sort through and stay abreast of the problem.

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But they've not been reluctant to apply the manpower in what is a very manpower-intensive industry. And we're a much more accessible society to understand what's going on. Hopefully, we drown them in so much detail which they're unwilling to trust or believe.

Senator MOYNIHAN. Can't you see them staying up nights trying to read the last issue of Aviation Week and not getting through it, and neglecting their serious political duties because of all the information they get.

Admiral INMAN. Senator Moynihan, I used to get very upset about the budget intelligence, when someone would go and overadvertise a problem in order to sell their own system. In a society that has become so leaky as this one, that turns out to be one of the few small refuges, that it causes enough difficulty in what they can believe that maybe they cannot sort out the facts from fiction.

Senator MOYNIHAN. That's how we get them.

Mr. Chairman, once again may I thank you for letting me question the admiral and welcome him aboard. And we're very proud of you, sir.

NOMINATION APPROVAL

The CHAIRMAN. May I ask the committee once again. I know it's a little out of order. Would there by any objection to my reporting this candidate to the floor?

Not hearing any, congratulations.

Admiral INMAN. Thank you.

The CHAIRMAN. We will not have a business meeting. We have another candidate, Mr. Carlucci, coming up on the floor, and I have to testify on his behalf. Unless you want to run the committee?

Senator MOYNIHAN. No, sir. I think the chairman should.

Senator INOUYE. Mr. Chairman, on the business meeting, may we take up one item? My designee; I do not have a designee now. I suggested the name of a Mr. Pingree and he has been cleared by all the agencies.

The CHAIRMAN. There are three designees.

Senator INOUYE. I move that they be approved.

The CHAIRMAN. Do I hear a second?

Senator MOYNIHAN. Second.

The CHAIRMAN. Without objection, it is so moved.

The meeting will stand adjourned. Thank you, gentlemen.
[Whereupon, at 3:32 p.m., the committee was adjourned.]

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

SENATOR BIDEN'S LETTER AND QUESTIONS TO ADMIRAL INMAN WITH ADMIRAL
INMAN'S REPLIES

February 6, 1981.

Adm. BOBBY R. INMAN,
*Deputy Director, Central Intelligence Agency,
Washington, D.C.*

DEAR ADMIRAL INMAN: AS I mentioned during your February 3rd confirmation hearing before the Select Committee on Intelligence, there are two groups of questions to which I would appreciate receiving your written responses so that they can be included as part of the hearing's record.

The first concerns various proposals to create centralized, Federal data banks holding information on diverse types of criminal, intelligence, and counterintelligence matters. Some of the more extreme proposals suggest that state and local law enforcement agencies should contribute to and draw from such a bank. Personally, I think these extreme proposals threaten worrisome intrusions on privacy, but I would like to hear your considered views on the issue.

The second group of questions relate to recommendations for amending the Freedom of Information Act to provide broader exemptions for the intelligence agencies. Arguments for these amendments point to the use that hostile intelligence services can currently make of the Act and to the burden it puts on the intelligence agencies. I wonder what your personal observations are about the various costs and benefits of the Act as it now applies to the agencies.

Again, Admiral, congratulations on both your promotion and your appointment to the Deputy Directorship. The other members of the Committee and I look forward to working with you in the future.

Yours Sincerely,

JOSEPH R. BIDEN.

Enclosure.

March 3, 1981.

Hon. JOSEPH R. BIDEN,
*Select Committee on Intelligence,
United States Senate, Washington, D.C.*

DEAR SENATOR BIDEN: This letter sets forth my response to the question posed in your letter of 6 February 1981 and the attachment thereto. While I am glad to give you my preliminary views on the matters raised in your letter, I should point out that I have only just entered on my new duties as Deputy Director of Central Intelligence and am still spending a substantial portion of my time as Director of NSA. Accordingly, there are many aspects of the CIA's specific needs and experience with which I expect to become more familiar in the future than I am at present. I know you will understand, therefore, that the views expressed in this letter are preliminary and personal and do not reflect the institutional position of either the CIA or the Intelligence Community. With that caveat, my answers are as follows.

Sincerely,

B. R. INMAN,
*Admiral, U.S. Navy,
Deputy Director of Central Intelligence.*

CENTRALIZED DATA BANK

Admiral Inman, there have been numerous proposals for creating centralized, Federal data banks containing information on diverse types of criminal, intelligence, and counterintelligence matters. These proposals are not new. One, the Heritage Foundation's, is an example of the more extreme suggestions for data base centralization and comprehensiveness.

The Heritage Foundation's recommendations for the intelligence community include the recommendation for, and I quote, "The establishment of central files on counterintelligence and internal security."

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The report does not make especially clear what agency should be responsible for these files, who would contribute to them, who would have access to them, or what sorts of information would be submitted.

But given the report's premises, one could make alarming guesses. The guiding premise seems to be, ". . . it is axiomatic that individual liberties are secondary to the requirements of national security and internal civil order."

The report states elsewhere that "internal security files cannot be restricted to actual or imminent threats" and that "clergymen, students, businessmen, entertainers, labor officials, journalists, and government workers may engage in subversive activities without being fully aware of the extent, purpose, and control of their activities."

The report's rather slack terminology obscures whether files should contain information only on counterintelligence threats or also on domestic political groups with more extreme views and on types of criminal activities other than espionage.

In light of these considerations, could you please discuss your views on central Federal files on internal security matters? Specifically:

Question. Should the CIA and FBI consolidate their counterintelligence files?

Answer. I am not convinced, from my experience to date, that there is a need for the CIA and FBI to consolidate their counterintelligence files. Adequate counterintelligence cooperation can be achieved without such consolidation. I think that in specific counterintelligence cases, where appropriate threshold criteria for investigating the activities of U.S. persons are met, the CIA and the FBI should be in a position to cooperate and exchange information under appropriate safeguards as to how that information will be used. As long as there exist adequate safeguards on the initiation of investigations and dissemination and use of information, it does not appear to be necessary to prevent cooperative sharing of counterintelligence information on a case-by-case basis, and there is potentially much to be lost in terms of the government's ability to carry on significant counterintelligence investigations.

Question. Should state and local law enforcement agencies have direct access to information in any Federal agency files?

Answer. I do not believe that state and local law enforcement agencies should have direct access to information in the files of all federal agencies. Not only does this raise concerns with respect to protecting our citizens' privacy, but in the case of intelligence information, it would create serious concerns in terms of protecting sources and methods. I do consider, however, that there are occasions on which it is legitimate and useful for federal law enforcement agencies to exchange information with their state and local counterparts, as long as this is done for legitimate law enforcement purposes, on a case-by-case basis, and with appropriate safeguards.

Question. Should state and local agencies contribute information to a centralized, internal security data base?

Answer. It is necessary to distinguish between counterintelligence and "internal" or "domestic" security concerns. Counterintelligence is a legitimate concern of the Intelligence Community and, as currently structured, is a joint responsibility of the CIA, the FBI, and, as appropriate, the military services. Internal or domestic security is a domestic law enforcement function, currently within the responsibility of the FBI and state and local law enforcement agencies. I would not support an expansion of Intelligence Community responsibilities to include internal security. The question, dealing as it does specifically with internal security, is outside the scope of my responsibilities. I am not, therefore, in a position to express an opinion as to whether there is a demonstrated need for a centralized internal security data base or whether appropriate safeguards can be built into such a system to protect adequately constitutional rights.

Question. (a) Would you support including personal information in these or other centralized files on other than a criminal standard? For example, if an individual only appears suspect without giving probable cause to believe he is engaged in criminal activity, should he be subject to a central file?

(b) What types of activities should be filed in these or other centralized systems? What standards should govern entering information in such files?

Answer. (a) Counterintelligence is not inherently limited to criminal activity on the part of each individual who may be involved in an espionage activity. Given the nature of U.S. espionage laws, not all activity that would be of valid counterintelligence interest would involve a violation of those laws, e.g., industrial or economic intelligence gathering by foreign nations' intelligence services.

Therefore, it may be appropriate to maintain personal information on persons involved in such inquiries even though a probable cause standard has not been met. For example, if information cannot be maintained at least until an informed judgment can be made about the involvement of a particular individual, it will be difficult for counterintelligence elements to discover the full scope of foreign powers' intelligence activities. This assumes that appropriate safeguards are available pertaining to the creation and dissemination of counterintelligence information. Different and much more stringent standards would apply for establishing and maintaining such files for internal or domestic security purposes, which are of a law enforcement nature and, as such, have more stringent constitutional requirements.

(b) With respect to counterintelligence systems, the general answer is that information that bears on the activities of individuals involved in intelligence or covert activities at the direction of a foreign nation's intelligence service should be included. The files should not become a general catch-all for personal information but there must be sufficient latitude to permit inclusion of information necessary to support counterintelligence operations. I have no views on what specific data should be included in internal or domestic security files.

Question. Should state and local agencies have direct access to each other's files through a central, Federal message switching system?

Answer. Because this question relates solely to internal or domestic security issues, I am unable to express a knowledgeable opinion on this matter.

Question. Do you support the Department of Justice's current "minimization procedures" which govern the collection of information and the dissemination of such information to other agencies for various categories of investigated individuals?

Answer. I support the concept of "minimization procedures" and consider that in broad outline the procedures with which I am familiar (principally those for the National Security Agency) are reasonably well adapted to the competing needs they attempt to serve. On the other hand, there are a variety of specific provisions in the procedures of various agencies that have occasioned difficulties and that need to be reexamined with care.

Question. If your answers to the above questions do not express your views on what changes you would recommend for enhancing Federal counterintelligence or internal security files could you please discuss those views?

Answer. As I have indicated, I do not believe internal or domestic security activities should be a matter of direct concern to the intelligence community. I only offer the general view that the needs of the government to protect the rights and liberties of all must exist in conjunction with the need to protect the rights of specific individuals who may become the target of an investigation in furtherance of the government's legitimate law enforcement mission. Internal security is clearly a matter of importance; federal, state, and local authorities should be in a position to enforce the criminal laws in this area. With respect to counterintelligence activities, we need to facilitate coordination among the relevant agencies in these areas while assuring that individual constitutional rights are not abrogated. The intelligence services of foreign powers conduct intelligence operations both abroad and in the United States and freely pursue operations across national boundaries. The counterintelligence services of the U.S. must be capable of following those activities in a coordinated and integrated manner that does not let individual espionage operations escape detection or investigation because of difficulties in coordinating operations between the relevant federal agencies. I am not persuaded we confront only two choices, i.e., the extremes of fragmented and ineffective counterintelligence activities or an absence of protection for individuals' rights. We must be able to fashion a system that achieves a balance between and serves both of these demands. Similar challenges have been successfully met before, for example, the Foreign Intelligence Surveillance Act, and I am confident that appropriate means can be devised to deal with the issues you raise.

FREEDOM OF INFORMATION ACT

Question. In some instances the CIA and FBI have indicated that the Freedom of Information Act (FOIA) is having an unreasonable effect on their ability to gather information and would like some legislative help with an adjustment to the Act.

- (a) Could you give us your thoughts on this?
- (b) What changes in the Act would you propose?
- (c) Do the provisions of the FOIA make too much information available from the agencies?
- (d) The CIA has said that because of FOIA it is now hard for them to recruit new agents anywhere in the world, and has caused some of our regular foreign agents to quit altogether, while others share only safe information. It has also been said that the FOIA has inhibited Americans from sharing information they have learned during their travel abroad. Would you comment on this?

Answer. It would be premature for me to comment extensively on the four questions you have posed. I have not had an opportunity to examine in detail the operations of the Freedom of Information Act (FOIA) at CIA and I understand that the Agency is still formulating its position on an FOIA revision that it will recommend to the Administration for this session of Congress. I do know that the FOIA poses real and significant problems for all the intelligence agencies. There is a continuing risk that information intended to be secret will be revealed in the course of an FOIA inquiry. This can happen inadvertently, or as the result of court-imposed requirements to justify withholding other, more sensitive, information, or as the result of a court decision denying an agency's ability to withhold information from disclosure. I have considerable doubt about the wisdom of creating a presumptive public right to know information which is by its very nature meant to be kept secret. At the same time, I recognize that questions of abuse of authority by intelligence agencies must be open for inquiry. The strengthened oversight role assumed by the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence, particularly as codified in the Intelligence Oversight Act of 1980, is the appropriate mechanism for such oversight. Those Committees provide the forums where classified information can be provided, thus permitting a full—rather than haphazard and sporadic—analysis of any given, relevant issue, while assuring that information that must be, will be maintained secret.

Question. One of the problems we have heard raised is that FOIA resulted in classified information slipping out accidentally, or being pieced together with other information by skilled enemy agents because of the large volume of classified documents that have to be excised for public release. Would you comment?

Answer. I consider that the phenomenon described in the question is indeed a serious problem posed by the FOIA.

Question. Could you, through secure channels, provide examples in which damage to United States' interests has resulted from FOIA applications to the intelligence agencies?

Answer. I am unable to give specific examples from my experience with NSA, although I understand there are examples available from other agencies in the Intelligence Community, where special statutory protections applicable to NSA do not apply. Whether or not we know of specific examples of released information causing harm to U.S. interests, however, is not controlling, and, even if there were not easy examples, we would have reason to be concerned about the type of disclosures made under FOIA. Even at NSA, for example, we were required to disclose on the public record information which we would have preferred not to release, in order to obtain court approval to withhold other, more highly sensitive information. In addition, even if information that is released appears to be innocuous standing alone, it may in fact be significant to a foreign intelligence agency when combined with other information obtained from other public sources or through clandestine means. We would be unlikely to know exactly what bits of information are available to such other intelligence agencies. Accordingly, although our concern in this regard is very real, it is not likely that we would have many concrete examples.

Question. In your estimation which is the greater problem—the so-called "perception problem" which makes foreign nationals reluctant to cooperate with U.S. intelligence because of how they perceive the implementation of the FOIA, or the assistance FOIA requests and answers might provide hostile intelligence services?

Answer. I do not think it is possible to rank or quantify the various problems posed by the FOIA. There are several others not included in your question that also are significant, including the burden to scarce professional intelligence resources posed by the particular review procedures that are necessary for an intelligence agency to attempt to ensure that classified information is not improvidently released.

